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Financing of the United Nations Operation in Mozambique

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General containing financial performance information for the United Nations Operation in Mozambique (ONUMOZ) from its inception until 31 March 1995 (A/52/680/Add.1). During its consideration of the report, the Committee had before it the reports of the Secretary-General dated 31 July 1995 (A/49/649/Add.3) and 25 February 1997 (A/51/807), containing financial performance information for ONUMOZ for the periods from 1 May to 15 November 1994 and from 16 November 1994 to 31 March 1995, respectively. The Committee also had before it the report of the Secretary-General dated 14 November 1997 on the disposition of assets of ONUMOZ (A/52/680). The Committee met with representatives of the Secretary-General, who provided additional information.

2. As indicated in paragraph 3 and annexes I and II of document A/52/680/Add.1, the total resources provided by the General Assembly to ONUMOZ for the period from inception on 15 October 1992 to 31 March 1995 amounted to $561,099,100 gross ($553,493,000 net). Total expenditure for the same period amounted to $492,556,300 gross ($486,716,800 net), inclusive of unliquidated obligations in the amount of $18,367,800. A total amount of $25,986,000 gross ($25,471,200 net) has been credited to Member States.

3. The Advisory Committee notes that the resources provided to ONUMOZ, less the operating costs and after the application of credits to Member States, resulted in a cumulative unencumbered balance of $42,556,800 gross ($41,305,000 net) as at 30 June 1997.

4. The Advisory Committee also notes that interest and miscellaneous income credited to the special account of ONUMOZ amounted to $4,971,000 and $10,328,200, respectively.

5. With regard to assessed contributions, the Advisory Committee was informed that the amount of $38.5 million was still outstanding. The Committee was also informed that cash available amounted to $23 million and that $16.7 million had been loaned to the United Nations Operation in Somalia (UNOSOM).

6. Annex IV to document A/52/680/Add.1 indicates that of the amount of $18.4 million in unliquidated obligations, $11.4 million relates to Governments and $6.9 million to others.

7. Upon inquiry, the Advisory Committee was informed that the amount of $11.4 million was required to meet the estimated cost of the reimbursement to Member States for pending death and disability claims, for supplies and services provided under the letter of assist and for contingent-owned equipment. In this connection, the Committee understands that requirements for contingent-owned equipment account for $3 million out of the $11.4 million. The Committee was also informed that 10 countries had contributed troops; out of these countries one had requested the application of the new procedures for

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contingent-owned equipment. Upon inquiry, the Committee was informed that if the request were granted, an additional amount of $5.6 million would be required for contingent-owned equipment, which would need to be authorized separately as this amount has not been budgeted.

8. The Advisory Committee questions whether the new procedures for contingent-owned equipment should apply to missions whose mandates had terminated before the procedures came into force. Moreover, the Committee points out that this request involves equipment that had already been removed from the theatre of operation. This being the case, it is the view of the Committee that if the United Nations were to accept the request, it might pay for items for which it had already paid. In this connection, the Committee was informed that in the case of spare parts, double payment would be avoided since the cost of spare parts for which Member States had been previously reimbursed under the letter-of-assist arrangement would be applied with a view to reducing the estimated amount owed to those Member States under the new wet-lease and self-sustainment arrangement for the provision of contingent-owned equipment. However, the Committee points out that the problem of double payment still remains with respect to other services provided by the United Nations to contingents which may overlap with services of self sustenance and which were not covered by letters of assist. Under the circumstances, the Committee is of the opinion that the new procedures for contingent-owned equipment should not apply to the case in question, and that the additional amount of $5.6 million should not be approved.

9. As regards the amount of $6.9 million attributable to non-governmental obligations (see para. 6 above), the Advisory Committee was informed that these amounts have actually been retained in order to provide for potential unforeseen additional requirements in connection with the continuing review of the amount owed to the troop-contributing countries. The Committee was informed that negotiations were ongoing; however, with a number of troop contributors, it was unable to ascertain the extent to which the amount of $6.9 million would be required. In this connection, the Committee recalls that unliquidated obligations have to be surrendered after 12 months, except obligations to Governments, which the General Assembly may exempt under special arrangements, as was the case, for example, in Assembly resolution 51/15 B of 13 June 1997 on the financing of the United Nations Support Mission in Haiti. Should any or all of the amount of $6.9 million not be required it should be credited to Member States (see para. 11 below).

10. Paragraph 7 of the report of the Secretary-General (A/52/680/Add.1) outlines the actions that would need to be taken by the General Assembly at its fifty-second session in connection with the financing of ONUMOZ. The Advisory Committee recommends that the Assembly credit Member States with the cumulative unencumbered balance of $42,556,800 gross ($41,305,000 net) reflected in the report. In this connection, the Committee was informed that the unencumbered balance had not been reduced to take account of the $5.6 million referred to in paragraphs 7 and 8 above.

11. The Advisory Committee recommends that unless the General Assembly decides otherwise, interest income of $4,971,000, miscellaneous income of $10,328,200 and any surplus from the eventual liquidation of the remaining obligations in the Special Account for ONUMOZ be credited to the Peacekeeping Reserve Fund, as was the case, for example with the United Nations Observer Mission in El Salvador (ONUSAL) (see General Assembly resolution 50/246 of 17 September 1996 on the financing of ONUSAL).